



Newmont Mining Corporation
1700 Lincoln Street
Denver, CO 80203
Phone 303.863.7414
Facsimile 303.837.5837
www.newmont.com

April 14, 2003

Thanne Cox
U.S. Environmental Protection Agency
Region 9
Mail Code ORC-3
75 Hawthorne Street
San Francisco, California 94105

Re: *Response to CERCLA Section 104(e) Request for Information
Relating to the Gray Eagle Mine Site, Siskyou County, California*

Dear Ms. Cox:

This letter constitutes Newmont USA Limited's ("Newmont") response to the EPA's February 25, 2003 letter requesting information pursuant to Section 104(e) of CERCLA for the Gray Eagle Mine Site, located near Happy Camp, California, a copy of which is attached hereto as Exhibit A. This response is supplemental to Newmont's October 9, 1998 response to EPA's September 9, 1998 104(e) request and its November 6, 2002 response to EPA's September 3, 2002 104(e) request.

Newmont objects to the EPA's questions 4 through 20 in that they exceed the scope of information that the EPA may request under Section 104(e) of CERCLA. Section 104(e) limits the EPA to requesting information relevant to:

- A. The identification, nature, and quantity of materials which have been, or are generated, treated, stored, or disposed of at a vessel or facility or transported to a vessel or facility.
- B. The nature or extent of a release or threatened release of a hazardous substance or pollutant, or contaminant at or from a vessel or facility.
- C. Information relating to the ability of a person to pay for, or to perform a cleanup.

42 U.S.C. § 9604(e)(2). Newmont also objects to the extent these questions call for a legal conclusion or seek privileged information. Nevertheless, subject to, and without

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waiving those objections, and subject to the additional objections stated below, Newmont responds to the questions set forth in the EPA's February 25, 2003 letter, as follows:

1. The person answering these questions on behalf of Newmont is Britt D. Banks, Esq., Vice President, General Counsel and Secretary, Newmont USA Limited, 1700 Lincoln Street, Suite 3600, Denver, CO 80203.

2. The following persons were consulted in preparation of these answers:

Kim Wise, Legal Assistant
Newmont USA Limited
1700 Lincoln Street, Suite 2800
Denver, CO 80203

Scott W. Hardt
Temkin Wielga & Hardt, LLP
1900 Wazee Street, Suite 303
Denver, CO 80202

3. Newmont objects to Question 3 as being overly broad and unduly burdensome in that it requests Newmont to identify all documents examined in the preparation of its answers. Newmont has reviewed numerous files and indices in an effort to locate responsive information. The majority of such files and indices did not contain any responsive or relevant information. Subject to, and without waiving Newmont's objections, Newmont states that it has found additional documents in its possession that are responsive to EPA's Questions, which are referenced in the relevant responses below.

4. Newmont currently has no knowledge concerning G.A. Kervin's employment history, if any, with the Gray Eagle Copper Company.

5. Newmont has been unable to locate any personnel or payroll records for G.A. Kervin, and does not have any current knowledge of his employment history, if any, with Newmont Mining Corporation.

6. See response to Question #5.

7. Newmont currently has no knowledge as to whether Newmont Mining Corporation, or any employee requested Kervin to develop a cost estimate for developing and equipping the Gray Eagle Mine, or whether it paid for any such services.

8. Newmont currently has no knowledge relating to any similar services that may have been provided by Kervin for other mining operations owned and/or operated by Newmont Mining Corporation.

9. Newmont currently does not have any knowledge concerning the identity of the officers of GECC from 1940 through 1946.

10. Newmont currently has no knowledge as to whether Carroll Searls ever held any office or position with GECC.

11. Newmont has been unable to locate any payroll, audit or accounting documents for GECC.

12. Newmont currently has no knowledge concerning any auditing services that Barrow, Wade, Guthrie & Company may have provided to GECC, or what entity paid for any such services, if rendered.

13. Newmont Mining Corporation's annual reports, dated 1928 through 1949, list Barrow, Wade, Guthrie & Company as Newmont Mining Corporation's auditor or accountant. Newmont has no additional information concerning any services that Barrow, Wade, Guthrie & Company may have provided to Newmont Mining Corporation, nor any financial records relating to who paid for its services, if rendered. In its prior responses to EPA, Newmont provided Newmont Mining Corporation's annual reports for 1928 through 1947. Attached to this response are Newmont Mining Corporation's annual reports for 1948 and 1949.

14. See response to Question #13.

15. Newmont has been unable to locate copies of any invoices for legal services paid from 1940 through 1945, and has been unable to determine whether the law firm of Covington, Burling, Rublee, Acheson & Shorb, or any attorney with that firm, provided legal services to Newmont during these years.

16. Newmont currently has no knowledge as to whether GECC ever paid for any services provided by the law firm of Covington, Burling, Rublee, Acheson and Shorb, or any of its attorneys.

17. Newmont currently has no knowledge concerning GECC's accounting system, or any checking accounts that GECC may have maintained.

18. Newmont currently has no knowledge of the claim filed by A.J. McNab against the Gray Eagle Copper Company, except what is stated in the September 13, 1947

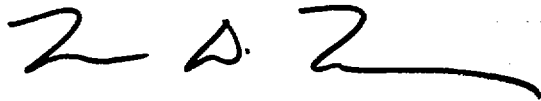
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Decree, a copy of which was provided to EPA with Newmont's November 6, 2002 response.

19. Newmont has been unable to locate any minutes, annual reports or status reports prepared by Gray Eagle Copper Company.

20. Newmont currently has no knowledge of any loan or other transfer of funds by Newmont Mining Corporation for development of the Gray Eagle Mine, except to the extent the references to the Gray Eagle Copper Company, contained in Newmont Mining Corporation's annual reports for 1941 and 1942 are relevant. Copies of those annual reports were provided to EPA with Newmont's response dated October 9, 1998.

Sincerely,

A handwritten signature in black ink, appearing to read "B. D. Banks", with a long horizontal flourish extending to the right.

Britt D. Banks
Vice President, General Counsel
and Secretary for Newmont USA Limited

EXHIBIT A



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

February 25, 2003

Fax Number 303-837-5837

INFORMATION REQUEST
URGENT LEGAL MATTER - PROMPT REPLY REQUESTED

Britt D. Banks, Vice President, General Counsel and Secretary
Newmont Mining Corporation
1700 Lincoln Street
Denver, CO 80203

SUBJ: Grey Eagle Mine Superfund Site, Siskyou County, California

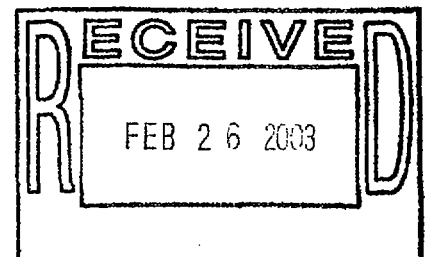
Dear Mr. Banks

Thank you for your timely response to the information request issued to Newmont Mining on September 3, 2002, in regards to the Grey Eagle Mine Site referenced above. At this time the Environmental Protection Agency ("EPA") is requesting additional information to clarify your previous responses pursuant to CERCLA Section 104(e), 42 U.S.C.A. § 9604(e). Responses to the attached questions are due within 20 days of receipt of this request letter.

Compliance with the Information Request is mandatory. Failure to respond fully and truthfully to the Information Request within twenty (20) days of receipt of this letter, or to adequately justify such failure to respond, can result in enforcement action by EPA pursuant to Section 104(e) of CERCLA, as amended, and/or Section 3008 of RCRA. Each of these statutes permits EPA to seek the imposition of penalties of up to twenty-seven thousand five hundred dollars (\$27,500) for each day of continued noncompliance. Please be further advised that provision of false, fictitious, or fraudulent statements or representations to the Information Request may subject Newmont to criminal penalties under 18 U.S.C. § 1001 or Section 3008(d) of RCRA, 42 U.S.C. § 6928(d).

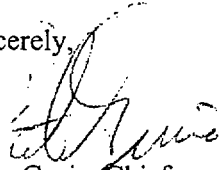
Your response to this Information Request on behalf of Newmont should be mailed to:

Thanne Cox
U.S. Environmental Protection Agency Region 9
Mail Code ORC-3
75 Hawthorne Street
San Francisco, California 94105



If you have any questions, contact Thanne Cox at (415) 972-3908. Thank you for your cooperation in this matter.

Sincerely,



Peter Guria, Chief
Emergency Response Office

cc: John Jaros, EPA
Thanne Cox, EPA

Scott Hardt
Temkin, Wielga & Hardt LLP
1900 Wazee Street, Suite 303
Denver, CO 80202

Newmont Mining Corporation

INFORMATION REQUEST

Instructions

1. Please provide a separate narrative response to each and every Question and subpart of a Question set forth in this Information Request.
2. Precede each answer with the number of the Question to which it corresponds.
3. If information or documents not known or not available to you as of the date of submission of a response to this Information Request should later become known or available to you, you must supplement your response to EPA. Moreover, should you find, at any time after the submission of your response that any portion of the submitted information is false or misrepresents the truth, you must notify EPA of this fact as soon as possible and provide EPA with a corrected response.
4. For each document produced in response to this Information Request indicate on the document, or in some other reasonable manner, the number of the Question to which it responds.
5. The information requested herein must be provided even though the Respondent may contend that it includes possibly confidential information or trade secrets. You may, if you desire, assert a confidentiality claim covering part or all of the information requested, pursuant to Sections 104(e)(7)(E) and (F) of CERCLA, 42 U.S.C. Sections 9604(e)(7)(E) and (F), Section 3007(b) of RCRA, 42 U.S.C. Section 6927(b), and 40 C.F.R. Section 2.203(b), by attaching to such information at the time it is submitted, a cover sheet, stamped or typed legend, or other suitable form of notice employing language such as "trade secret," or "proprietary," or "company confidential." Information covered by such a claim will be disclosed by EPA only to the extent, and only by means, of the procedures set forth in statutes and regulation set forth above. If no such claim accompanies the information when it is received by EPA, it may be made available to the public by EPA without further notice to you. You should read the above cited regulations carefully before asserting a business confidentiality claim, since certain categories of information are not properly the subject of such a claim.

Definitions

The following definitions shall apply to the following words as they appear in this Enclosure A:

1. The term "you" or "Respondent" shall mean Newmont Mining Corporation or its authorized representative(s).
2. The term "person" shall have the same definition as in Section 101(21) of CERCLA: an individual, firm, corporation, association, partnership, consortium, joint venture, commercial entity, United States Government, State, municipality, commission, political subdivision of a State, or any interstate body.
3. The terms the "Site" or the "facility" shall mean the Grey Eagle Mine Site located 5 miles north of Happy Camp, Siskiyou County, California.
4. The term "hazardous substance" shall have the same definition as that contained in Section 101(14) of CERCLA and includes any mixtures of such pollutants and contaminants with any other substances. Petroleum products mixed with pollutants and contaminants are also included in this definition.
5. The term "hazardous waste" shall have the same definition as that contained in Section 1004(5) of RCRA.
6. The term "solid waste" shall have the same definition as that contained in Section 1004(27) of RCRA.
7. The term "materials" shall mean all substances that have been generated, treated, stored, or disposed of or otherwise handled at or transported to the Site, including but not limited to, all hazardous substances, pollutants and contaminants, hazardous wastes and solid wastes, as defined above.
8. The term "hazardous material" shall mean all hazardous substances, pollutants or contaminants, and hazardous wastes, as defined above.
9. The term "non-hazardous material" shall mean all material as defined above, excluding hazardous substances, pollutants and contaminants, and hazardous waste.
10. The term "identify" means, with respect to a natural person, to set forth the person's name, present or last known business address and business telephone number, present or last known home address and home telephone number, and present or last known job title, position or business.
11. The term "identify" means, with respect to a corporation, partnership, business trust or other association or business entity (including a sole proprietorship), to set forth its full name, address, legal form (e.g., corporation, partnership, etc.), organization, if any, and a brief description of its

business.

12. The term "identify" means, with respect to a document, to provide its customary business description, its date, its number, if any (invoice or purchase order number), the identity of the author, addressor, addressee and/or recipient, and the substance or the subject matter.

13. The term "release" has the same definition as that contained in Section 101(22) of CERCLA, 42 U.S.C. Section 9601(22), and includes any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including the abandonment or discharging of barrels, containers, and other closed receptacles containing any hazardous substance or pollutant or contaminant.

14. The terms "document" and "documents" shall mean any object that records, stores, or presents information, and includes writings of any kind, formal or informal, whether or not wholly or partially in handwriting, including by way of illustration and not by way of limitation, any invoice, manifest, bill of lading, receipt, endorsement, check, bank draft, canceled check, deposit slip, withdrawal slip, order, correspondence, record book, minutes, memorandum of telephone and other conversations including meetings, agreement and the like, diary, calendar, desk pad, scrapbook, notebook, bulletin, circular, form, pamphlet, statement, journal, postcard, letter, telegram, telex, report, notice, message, analysis, comparison, graph, chart, interoffice or intraoffice communications, photostat or other copy of any documents, microfilm or other film record, any photograph, sound recording on any type of device, any punch card, disc or disc pack; any tape or other type of memory generally associated with computers and data processing (together with the programming instructions and other written material necessary to use such punch card, disc, or disc pack, tape or other type of memory and together with printouts of such punch card, disc, or disc pack, tape or other type of memory); and (a) every copy of each document which is not an exact duplicate of a document which it produces, (b) every copy which has any writing, figure or notation, annotation or the like on it, (c) drafts, (d) attachments to or enclosures with any document, and (e) every document referred to in any other document.

15. The terms "and" and "or" shall be construed either disjunctively or conjunctively as necessary to bring within the scope of this Information Request any information which might otherwise be construed to be outside its scope.

16. The term "arrangement" means every separate contract or other agreement between two or more persons.

17. The terms "transaction" or "transact" mean any sale, transfer, giving, delivery, change in ownership, or change in possession.

18. Words in the masculine shall be construed in the feminine, and vice versa, and words in the singular shall be construed in the plural, and vice versa, where appropriate in the context of a particular question or questions.

19. All terms not defined herein shall have their ordinary meaning, unless such terms are defined in CERCLA, RCRA, 40 C.F.R. Part 300, or 40 C.F.R. Parts 260-280, in which case the

statutory or regulatory definitions shall apply.

20. The term "property interest" means any interest in property including but not limited to, any ownership interest, including an easement, any interest in the rental of property, any interest in a corporation that owns or rents or owned or rented property, and any interest as either the trustee or beneficiary of a trust that owns or rents, or owned or rented property.

21. The term "asset" shall include the following: real estate, buildings or other improvements of real estate, equipment, vehicles, furniture, inventory, supplies, customer lists, accounts receivable, interest in insurance policies, interests in partnerships, corporations and unincorporated companies, securities, patents, stocks, bonds, and other tangible as well as intangible property.

Questions

1. Identify the person(s) answering these Questions on behalf of Respondent.
2. For each and every Question contained herein, identify all persons consulted in the preparation of the answer.
3. For each and every Question contained herein, identify all documents consulted, examined, or referred to in the preparation of the answer or that contain information responsive to the Question and provide true and accurate copies of all such documents.
4. Was G.A. Kervin an employee of Grey Eagle Copper Company ("GECC")? Did GECC ever pay Mr. Kervin before his death in 1942? If so, provide documentation and/or describe the terms of his employment with GECC including his salary amount, position, copies of employment contracts, pay stubs, etc. Provide the basis of your answer.
5. Was G.A. Kervin an employee of Newmont Mining Corporation ("Newmont")? If so, during what years was Mr. Kervin a Newmont employee? What function and/or services did Kervin provide for Newmont?
6. Did Newmont pay Mr. Kervin's salary during 1941? If so, provide documentation and/or describe the terms of his employment with Newmont including his salary amount, position, copies of employment contracts, pay stubs, etc. for this year. Who directed Kervin's scope of employment?
7. Did Newmont, or an employee or officer of Newmont, request that Kervin develop a cost estimate of developing and equipping the Grey Eagle Mine? Did Newmont pay for these services?
8. Did Kervin provide similar services for other mining operations owned and/or operated by Newmont or any of its subsidiaries?
9. Name all officers of the GECC from 1940 through 1946? Provide their titles and duration of holding each office.
10. Did Carroll Searls ever hold an office or position within the GECC? If so, what was this position? If so, what was Mr. Searls' salary and terms of employment within GECC? Provide the basis of your answer.
11. Provide any payrolls, audits or accounting documents for GECC.
12. Barrow, Wade, Guthrie & Company audited the payrolls for GECC. Did Newmont pay for these auditing services? Did GECC pay for these services? Provide the basis of your answer.

13. Did Newmont use Barrow, Wade, Guthrie and Company for auditing purposes at any other Newmont owned and/or operated mining facility? If so, who paid for these services? If so, which properties did this accounting firm visit and audit?

14. Did Newmont use Barrow, Wade, Guthrie & Company for accounting and auditing purposes? If so, for what years did Newmont use this firm?

15. Did Newmont ever use outside counsel during the years of 1940 through 1945? If so, did Newmont use the lawfirm of Covington, Burling, Rublee, Acheson & Shorb? If so, for what matters did Newmont request this lawfirm's advice and representation? Did Newmont routinely use this lawfirm? Was there a particular attorney with whom Newmont regularly sought outside advice?

16. Did GECC ever pay for any services provided by the lawfirm of Covington, Burling, Rublee, Acheson & Shorb or any of its attorneys? If so, provide the basis of this answer.

17. Explain the accounting system for GECC? Did GECC maintain a checking account? Where was this account maintained? When was this account opened? Who was authorized to sign checks for GECC? Were employees at the facility paid out of this account? Were officers paid out of this account? Were on site management paid out of this account? Provide the basis for your answers.

18. What was the basis of the claim filed by A.J. McNab against the Grey Eagle Copper Company? The final decree regarding this matter was dated September 13, 1947 in the Superior Court of Equity, in the State of Maine.

19. Provide any minutes of meetings held by the Grey Eagle Copper Company. Provide any annual reports or status reports prepared by Grey Eagle Copper Company.

20. In order to get the mining facility operational, Newmont injected \$1 million into its development. How was this transfer of funds handled? On what date did this transfer occur? Provide all documentation related to the transfer of funds and the terms of the arrangement.

NEWMONT MINING CORPORATION

ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 1948

NEWMONT MINING CORPORATION

Incorporated — Delaware 1921

GENERAL OFFICE

14 Wall Street New York 5, N. Y.

BOARD OF DIRECTORS

CHARLES F. AYER, Chairman

MRS. THOMPSON BIDDLE	FRANZ SCHNEIDER
JAMES F. BYRNES	CARROLL SEARLS
PHILIP KRAFT	FRED SEARLS, JR.
HENRY KRUMB	H. DeWITT SMITH
ARTHUR H. LOCKETT	WILLIAM T. SMITH
GUS MRKVICKA	MRS. WILLIAM BOYCE THOMPSON
ALBERT H. WIGGIN	

OFFICERS

CHARLES F. AYER	Chairman of the Board
FRED SEARLS, JR.	President
FRANZ SCHNEIDER	Executive Vice President
H. DeWITT SMITH	Vice President
GUS MRKVICKA	Treasurer
CARROLL SEARLS	Secretary
WILLIAM T. SMITH	Asst. Secretary and Asst. Treasurer
WALTER P. SCHMID	Assistant Treasurer

TRANSFER AGENT

BANKERS TRUST COMPANY 16 Wall Street, New York 15, N. Y.

REGISTRAR

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK 18 Pine Street, New York 15, N. Y.

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

BARROW, WADE, GUTHRIE & CO. 120 Broadway, New York 5, N. Y.

February 23, 1949.

DIRECTORS' REPORT

TO THE STOCKHOLDERS OF

NEWMONT MINING CORPORATION:

The Directors submit their report for the year ended December 31, 1948 which includes the Balance Sheet, Profit and Loss Statement, and Statement of Earned Surplus. The accounts of the Corporation were audited by Messrs. Barrow, Wade, Guthrie & Co., Certified Public Accountants, and their certificate is included in this report. There was no change in the capital structure or capital surplus of the Corporation during the year 1948. The policy of stating in the Balance Sheet "Stocks Listed on Domestic and Foreign Exchanges" at values based on market quotations and "Miscellaneous Stocks of, and Loans to, Corporations, and Other Undertakings" at a value which, in the opinion of the Directors, is a fair value, has been continued. This method results in an adjustment of \$37,533,349.91 appearing in the Balance Sheet, which amount represents the total net excess of market and fair values respectively, of these groups of assets, over their cost.

NET WORTH

The net worth per share of your Corporation as at December 31, 1948 as determined by dividing the sum of the Capital Stock and Surplus Accounts and Unrealized Appreciation shown on the Balance Sheet by the number of shares outstanding is \$81.47. The comparable figure as at December 31, 1947 is \$74.34.

A classification of the assets determining the net worth per share is as follows:

	1948	1947	1946
Domestic and Canadian Securities at Market.....	\$55.46	\$52.88	\$47.49
Add: Net Current Assets (including United States Government Securities)	3.37	2.26	4.66
	\$58.83	\$55.14	\$52.15
British Securities at Market (see note below).....	2.49	2.07	2.60
	\$61.32	\$57.21	\$54.75
Securities of Non-listed Corporations and Other Undertakings (fair value as fixed by Directors).....	20.15	17.13	9.97
	<u>\$81.47</u>	<u>\$74.34</u>	<u>\$64.72</u>

NOTE: Funds invested in British Securities are restricted under the provisions of the British Exchange Control Act 1947. For the purpose of valuation of assets, the British Investments are taken at London Market prices and the resulting Sterling is valued by the Directors at \$3.00 to the Pound.

EARNINGS

Gross income for the year totaled \$7,485,653, an increase of \$2,578,414 over the gross income for the year 1947. Of this total, dividends from domestic and foreign corporations accounted for \$5,813,015, net capital gains realized from sales of securities \$1,241,172, and other income \$431,466.

Net Income for the year after all charges, including \$612,500 provision for Federal Income Tax, amounted to \$5,440,290, or \$5.11 per share.

DIVIDENDS

Dividends per share for 1948 and the two preceding years were paid as follows:

	1948	1947	1946
March	\$.50	\$.50	\$.375
June .....	.75	.50	.375
September .....	.75	.50	.375
December .....	.50	1.00	.375
Market value as of December 15, 1948, of 1/25 share of Hudson Bay Mining and Smelting Co., Limited stock.....	1.86*		
	<u>\$4.36</u>	<u>\$2.50</u>	<u>\$1.50</u>

*In addition to the cash dividend of 50¢ per share paid December 15, 1948 there was distributed to stockholders 1/25 share of Hudson Bay Mining and Smelting Co., Limited stock for each share of Newmont Mining Corporation stock held at the close of business November 26, 1948. The cost of the 41,779 shares of Hudson Bay Mining and Smelting Co., Limited distributed was charged on the books of your Corporation to Earned Surplus. For Federal Income Tax purposes these shares have a value to the recipients of \$46.50 per share, which was the average of the high and low prices on the New York Stock Exchange on December 15, 1948. In lieu of fractional shares of Hudson Bay Mining and Smelting Co., Limited stock, stockholders were paid in cash an aggregate of \$35,184.05.

Dividends paid in 1948 are fully taxable, under Federal Income Tax Regulations, as dividend income.

COMPARATIVE ANALYSIS

Comparative year end assets and liabilities and earnings and expenses for each of the last three years are disclosed in the table which follows.

	1948	1947	1946
Cash	\$ 3,034,605	\$ 1,656,128	\$ 1,612,909
Accounts Receivable	36,552	209,160	76,243
Government Securities	1,083,474	1,311,385	3,547,500
Stocks Listed (at Market).....	61,530,333	58,116,038	53,266,404
Miscellaneous Stocks, etc. (Directors' valuation).....	21,427,850	18,217,506	10,602,018
Other Assets	214,749	162,149	95,224
	<u>\$87,327,563</u>	<u>\$79,672,366</u>	<u>\$69,200,298</u>
Accounts Payable	\$ 50,508	\$ 406,255	\$ 9,589
Taxes Accrued	652,967	223,108	367,010
Capital Stock	10,632,920	10,632,920	10,632,920
Capital Surplus	4,321,757	4,321,757	4,321,757
Earned Surplus	34,136,062	31,478,463	30,590,847
Unrealized Appreciation	37,533,349	32,609,863	23,278,175
	<u>\$87,327,563</u>	<u>\$79,672,366</u>	<u>\$69,200,298</u>
Dividends Received	\$ 5,813,015	\$ 4,026,437	\$ 2,368,788
Interest Earned	103,678	120,884	110,359
Fees Received for Services	327,788	248,521	183,887
Net Capital Gains	1,241,172	511,397	1,080,078
	<u>\$ 7,485,653</u>	<u>\$ 4,907,239</u>	<u>\$ 3,743,112</u>
Expenses	\$ 594,957	\$ 578,759	\$ 662,306
Income Taxes	958,094	431,765	479,828
Exploration Expenses	492,312	350,874	133,709
	<u>\$ 2,045,363</u>	<u>\$ 1,361,398</u>	<u>\$ 1,275,843</u>
Net Profit	\$ 5,440,290	\$ 3,545,841	\$ 2,467,269
Earnings Per Share	\$5.11	\$3.33	\$2.32

EXPLORATION AND MINING OPERATIONS

Exploration and development activities for the discovery of new mines continue to be a primary objective of your Corporation. Discovery of attractive properties or deposits justifying the present day cost of development and equipment requires new methods and a willingness to incur expenditures in their application. Additional interests in mines, oil properties and gas pipe line companies were acquired.

Development and operation during 1948 of mining properties in which your Corporation previously had acquired substantial interests largely as a result of prior exploration activities were continued. Comments on some of these operations follow.

O'OKIEP COPPER COMPANY LIMITED (Union of South Africa)

This company, in which your Corporation holds 56.3 percent interest, had record blister copper production, sales and earnings for the fiscal year ended June 30, 1948. The salient features covering the above period, and also for the six months ended December 31, 1948, are noted below:

	Year Ended June 30, 1948	Six Months Ended December 31, 1948
Blister Copper Production—lbs.....	42,717,000	18,475,000
Total Sales	\$8,910,540	\$4,086,480
Operating Profit	4,807,157	2,068,844
Depreciation	681,560	261,460
Taxes	884,000	343,972
Net Profit	\$3,241,597	\$1,463,412
Profit per Share	\$3.17	\$1.43
Dividends Paid	\$1,837,901	\$1,531,584
Dividends per Share	\$1.80	\$1.50
Shares Outstanding	1,021,056	1,021,056

Conversion Rate — £1 = \$4.00

The results for the year ended June 30, 1948 were obtained from capacity operation of the present plant. An acid and leaching plant will be placed in operation in 1949, which will increase capacity for blister copper production by 15 percent. A small Tungsten plant, started up in October, 1948, should be in full operation in the summer of 1949 on a basis of 125 tons of milling ore per day.

The O'okiep Company retains a 9.5 percent interest in Tsumeb Corporation Limited.

TSUMEB CORPORATION LIMITED (South West Africa)

Tsumeb Corporation Limited, in which your Corporation retains 28.5 percent interest, completed its original construction program in 1948. As of December 31, 1948, Tsumeb had expended \$9,391,480 of which \$4,040,000 was spent as purchase price, and \$5,351,480 for mine and power plant, crushing and selective flotation facilities for milling 1,200 tons per day, townsite improvements and general plant rehabilitation.

The Tsumeb mine has been completely unwatered and diamond drilling results below the 20th level (1,900 feet below surface) have disclosed such substantial amounts of ore that a new shaft has been authorized involving an expenditure of approximately \$2,120,000, which will permit the ready handling of 1,800 to 2,000 tons of ore per day. This expenditure over a period of two to three years will be financed from current earnings.

The following figures outline the performance for the fiscal year ended June 30, 1948, and also for the six months ended December 31, 1948.

Metals Accounted for by Smelters	Year Ended June 30, 1948	Six Months Ended December 31, 1948
Copper—lbs.	10,461,298	7,596,953
Lead—lbs.	32,242,043	32,745,458
Zinc—lbs.	nil	4,645,960
Cadmium—lbs.	59,869	232,861
Silver—ozs.	321,796	225,301
Total Sales	\$7,604,377	\$8,862,732
Operating Profit	3,319,723	4,494,148
Depreciation	1,393,248	1,050,080
Taxes	380,000	678,720
Net Profit	\$1,546,475	\$2,765,348
Profit per Share	\$1.55	\$2.77
Shares Outstanding	1,000,000	1,000,000

Conversion Rate — £1 = \$4.00

MOROCCO

In Morocco diamond drilling during the year greatly expanded the proven and probable lead-zinc ore reserves of the *Societe des Mines de Zellidja* whose property is now known to contain one of the major ore deposits in Africa. Ten thousand shares of the stock of this company out of a total issue of 244,800 shares are held by *Societe de Developpement Minier* in which your Corporation owns a 65 percent interest. *Societe Nord-Africaine du Plomb* in which your Corporation owns a 31.8 percent interest, the balance being owned by Zellidja and St. Joseph Lead Company, gave up to Zellidja a part of its optioned ground known to contain ore, in return for title to a large area of prospective territory adjacent to the Zellidja property which territory it plans to prospect with the financial assistance of a loan from the Economic Cooperation Administration. Zellidja plans to expand rapidly its milling capacity to a total of at least 5,000 tons of ore per day and has agreed to make a payment in compensation for assistance, of one percent of its gross output of concentrates to your Corporation and St. Joseph Lead Company. This payment will begin January 1, 1951 and continue for twelve years.

MAGMA COPPER COMPANY (Superior, Arizona)

During 1948 your Corporation purchased 8,500 shares of Magma Copper Company and at present owns approximately 15 percent of the shares of that company outstanding December 31, 1948. On February 15, 1949 Magma Copper Company offered 204,000 shares of its capital stock to its shareholders at \$16.75 per share and at the rate of one new share for each two shares held. Your Corporation has agreed with Magma Copper Company and Messrs. Lazard Freres & Co. to subscribe for these shares which it is entitled to buy by reason of this offer; in addition, to purchase one-half of any shares unsubscribed by other shareholders, your Corporation's liability in this respect being limited to 71,600 shares. In connection with these transactions your Corporation will be paid by Magma Copper Company a fee of \$71,600.

Magma Copper Company owns approximately 94 percent of the issued stock of San Manuel Copper Corporation which owns and is developing one of the largest copper ore bodies in the United States. Churn drilling has already indicated the existence of over 300,000,000 tons of sulphide ore running approximately 0.79 percent copper.

NEWMONT OIL COMPANY

During 1948 this company continued to add to its holdings but confined its acquisitions very largely to mineral and royalty interests in oil properties. Certain leases in Jones and Taylor Counties, Texas were assigned to others to be drilled, the company retaining a carried interest or an overriding royalty. The one-half interest owned in a large block of leases in Wyoming was transferred to a major oil company in return for a cash payment and an overriding royalty reservation.

During the year \$640,666 was spent for additions to property. For the same period Newmont Oil Company had a gross income of approximately \$1,175,000, from which net income of approximately \$450,000 resulted. There was a net repayment of \$300,000 on principal of loans made by your Corporation to this wholly-owned subsidiary, leaving a balance unpaid of \$800,000 at the year end. Your Corporation also received \$46,638 in interest from this subsidiary.

TRANSCONTINENTAL GAS PIPE LINE CORPORATION

During the year your Corporation exchanged its shares in the Trans-Continental Gas Pipe Line Co., Inc., a Texas corporation, in which it owned a 4.6 percent interest, for the same proportion of the shares of the Transcontinental Gas Pipe Line Corporation, a Delaware corporation. Meanwhile permission had been obtained by the pipe line company from the Federal Power Commission to substitute 30-inch pipe for the 26-inch pipe specified in the original permit obtained from the Commission.

In November, 1948 Transcontinental arranged to sell \$143,000,000 of 3½% Mortgage Bonds to a group of life insurance companies and \$26,500,000 in units consisting of interim notes and common stock to the public. It also sold privately and largely to existing shareholders an additional \$22,500,000 of its common stock. Your Corporation purchased approximately \$2,000,000 of this common stock, which brought its equity in Transcontinental to 6.8 percent. Your Corporation now holds Warrants which may be exercised between October 1 and December 20, 1949 to purchase 12,185 additional shares of Transcontinental Gas Pipe Line Corporation at \$10 a share.

Deliveries of pipe to Transcontinental began early in February, 1949. It is expected that the line, which will be 1,840 miles long and will reach from Southwest Texas to New York City, will be completed by the end of 1950.

IDARADO MINING COMPANY (Ouray, Colorado)

This company, 87.5 percent owned by your Corporation, milled 125,300 tons of ore in 1948 as compared with 73,502 tons milled in 1947. During 1948 it purchased from your Corporation at cost, namely \$125,000, the entire capital stock of Sanray Mining Company which owned adjoining claims on the Ajax lode. Sanray Company has been liquidated and its property transferred to Idarado. Profits from the operation of Idarado which mills ore containing zinc, lead, copper, gold and silver in the order of importance named were sufficient to cover the above property purchase, and also plant additions costing approximately \$183,000. Initial developments of the Ajax lode are encouraging and indicate that further work may develop a mine on this lode similar in grade and extent to that now proven on the Black Bear vein.

RESURRECTION MINING COMPANY (Leadville, Colorado)

This company, 33.3 percent owned by your Corporation, operated its properties at Leadville, Colorado throughout the year, milling 88,981 tons of lead-zinc ore which yields a gold and silver credit. This compares with 69,778 tons in 1947. This company also purchases and mills custom ore of lessees and small producers in Leadville and nearby camps. Such tonnage in 1948 aggregated 35,125 tons, compared with 43,088 tons in 1947. Your Corporation received a dividend of \$50,000 on its one-third interest. Development expenditures of \$416,763 during the year failed by 25,000 tons to maintain the developed ore reserve.

EMPIRE STAR MINES COMPANY, LIMITED (Grass Valley, California)

This company continued to operate its properties at Grass Valley, California, chiefly through lessees who, as independent contractors, extract carefully sorted gold ore obtained for the most part from the more remote parts of the mines that are expensive to maintain. By this procedure it is hoped the company may be enabled, as was the case in 1948, to meet its maintenance and overhead costs pending arrival of the happier day when the currency managers come to realize the world-wide advantages of a free market for gold. Empire Star paid on November 19, 1948, a dividend of fifty cents a share from "other income" derived from investment of its working capital. Your Corporation owns 37.3 percent of the stock of this company. *Northern Empire Mines Company, Limited* was inactive, but paid a dividend of seven cents a share on its 400,000 shares of issued capital stock. Subsequent to the dividend your Corporation sold to Empire Star its entire holding of 41,605 shares of Northern Empire. Empire Star now owns more than three-fourths of Northern Empire and plans to liquidate it as soon as arrangements can be consummated.

ISLAND MOUNTAIN MINES COMPANY LIMITED (Wells, British Columbia, Canada)

Island Mountain Mines Company Limited in which your Corporation owns a 55.7 percent interest had a gross revenue of \$627,595 and a net profit after depreciation and taxes of \$80,968. During the year total dividends amounting to \$73,550 were paid by Island Mountain. The mine operated continuously during the year, but rising costs and the difficulty of keeping sufficient development work ahead of stoping operations, due to shortage of skilled labor, retarded the opening of new stoping areas, and lowered production. During the year the Dominion Government instituted gold subsidy payments, and the company accrued approximately \$34,000 from this source which is included in the gross revenue figure above.

BERENS RIVER MINES LIMITED (Favourable Lake, Ontario, Canada)

Berens River Mines Limited in which your Corporation owns a 72.3 percent interest had a gross production during the year of \$719,240 in gold, silver and lead from the milling of 49,930 tons of ore, resulting in a profit of \$133,921 before depreciation, and prepaid development. However, after all amounts were written off due to the closing of the mine, a loss of \$427,284 was sustained on the year's operation. Exploration from the new shaft sunk in 1947 failed to disclose ore in payable amounts. Lower level development in the old workings likewise was disappointing and the mine was shut down and the last ore hoisted August 30, 1948. The plant has been largely dismantled and the salable portion moved to Berens River Landing to be available for sale or other use. The company has not been liquidated and is now actively engaged in Canada in searching for new mining properties and investments in mining companies.

AUSTRALIA

Mining exploration in this vast continent under an agreement providing joint effort with Zinc Corporation and St. Joseph Lead Company was largely confined during the year to the vicinity of mines and mining districts formerly productive of notable tonnages of non-ferrous metals with the hope that modern geological and geophysical methods would disclose extensions of ore bodies previously mined or hidden ore bodies in the same vicinities. Your Corporation's share in the expenditures was approximately \$155,000. Unfortunately no ore deemed worthy of exploitation was discovered and continuation of the effort now has been restricted to completion of small drilling programs at three localities which still show moderate possibilities of reward.

OTHER EXPLORATION

During 1948 development of the Atlas vein containing lead-zinc ore at Ouray, Colorado, originating through the Virginus project, was carried far enough to warrant exercise of an option to purchase the Atlas mine. The *Atlas Mining Company*, newly formed and at present wholly owned by your Corporation, is in possession of the Atlas property under a purchase agreement and also has bought certain adjoining property. *Virginus Mines Company* has been liquidated.

East Utah Mining Company, Park City, Utah, extended the Cunningham adit which develops the East Utah and adjoining property at the East end of the Park City District, to a total length of approximately one mile without encountering commercial ore. A lateral branch from this adit has served to develop an adjoining area owned by the General Connor Mining Company, incorporated during 1948 by Newmont Exploration Limited and Associates and the New Park Mining Company, which conducts mining operations on adjoining claims. To date no commercial ore has been found in this area.

Aluviones Selectos, S. A. discontinued gold dredging operations on the Patia River, Colombia in May, 1948. Operation of the property proved unprofitable, and your Corporation's interest in this venture was sold at the end of the year.

Goldfield Deep Mines Company of Nevada at Goldfield, Nevada, with financial and technical assistance of your Corporation, completed in 1948 the 100-ton mill mentioned in the 1947 report. Because of water difficulties and unusually severe storms, the mill had not operated as of February 1, 1949.

In addition to the properties and exploration work specifically mentioned in this report, your Corporation has examined many other properties not worthy of special mention. Despite the high cost of development and exploration work, it is the intention to continue a conservative policy of seeking new metal reserves. Included in exploration expense is the cost of geophysical research and facilities and development of correct techniques for their application in the mining field.

By Order of the Board of Directors,

FRED SEARLS, JR.
President.

New York 5, N. Y., February 23, 1949.

NOTE

It is expected that proxies will be requested for the Annual Meeting of Stockholders to be held on May 2, 1949, and that a proxy statement and a form of proxy will be sent to stockholders of record in connection with such request on or about April 4, 1949.

TREASURY
NEWMONT MINING

BALANCE SHEET A

Explanatory
Note
Reference
Number

ASSETS

	CASH IN BANKS AND ON HAND.....	\$ 3,034,605.06
	ACCOUNTS RECEIVABLE AND ACCRUED INTEREST.....	36,551.58
1, 2	GOVERNMENT SECURITIES (Schedule "A"):	
	Cost:	
	United States of America.....	\$ 997,317.50
	United Kingdom of Great Britain and Ireland.....	85,959.63
		<u>\$ 1,083,277.13</u>
	Add—Excess of value based on market quotations over cost— per contra	196.90
	Value Based on Market Quotations—December 31, 1948.....	1,083,474.03
1, 2, 4, 6	STOCKS LISTED ON DOMESTIC AND FOREIGN EXCHANGES (Schedule "B"):	
	Cost	\$29,864,310.83
	Add—Excess of value based on market quotations over cost—per contra	31,666,022.68
	Value Based on Market Quotations—December 31, 1948.....	61,530,333.51
3, 4, 6	MISCELLANEOUS STOCKS OF, AND LOANS TO, CORPORATIONS, AND OTHER UNDERTAKINGS (Schedule "C"):	
	Cost	\$15,560,719.67
	Add—Net excess of fair value over cost—per contra.....	5,867,130.33
	Fair Value—December 31, 1948.....	21,427,850.00
	OTHER ASSETS	214,749.24
		<u><u>\$87,327,563.42</u></u>

EXPLANATORY NOTES

These notes, numbered 1 to 8, inclusive, are the explanatory notes referred to in the Report of the Independent Certified Public Accountants dated February 15, 1949.

- Under the provisions of the British Exchange Control Act 1947 and Regulations previously in effect, no British securities or the proceeds derived from the sale of British securities are permitted to be withdrawn from Great Britain and the Sterling funds must be reinvested within a reasonable time in certain approved British securities. Because of the inability to withdraw these funds, the Directors fixed as a "Fair Valuation" of all British assets the rate of \$3.00 to the £1. Included in the balance sheet are British securities so valued at \$2,648,602.13.
Securities listed only on Foreign Exchanges included in Schedules "A" and "B" amount to \$3,677,888.40, of which \$2,648,602.13 are in British securities and \$1,029,286.27 in Canadian securities. In the event of sale of any such securities through British or Canadian Exchanges the proceeds would be subject to the regulations, in force at the time, promulgated by the governments of Great Britain and Canada.
Securities listed only on Canadian Exchanges have been converted into the United States equivalent at 92 ⁷/₁₆ cents to the Canadian dollar.
- Value based on market quotations is derived from the closing or bid price (as obtained from the public prints) at December 31, 1948, on Domestic and Foreign Exchanges.
- Fair value at December 31, 1948, represents the value as determined by the Board of Directors as being the fair value of the various assets listed on Schedule "C". The holdings in foreign companies included in Schedule "C" consist of common stocks and loans having a fair value of \$6,624,551.00 at December 31, 1948.

ER'S REPORT

NG CORPORATION

AT DECEMBER 31, 1948

Explanatory
Note
Reference
Number

LIABILITIES, CAPITAL STOCK AND SURPLUS

ACCOUNTS PAYABLE	\$ 50,508.14
TAXES PAYABLE AND ACCRUED.....	40,466.69
PROVISION FOR FEDERAL INCOME TAX—1948.....	612,500.00
	<u>\$ 703,474.83</u>

CAPITAL STOCK AND SURPLUS:

Capital Stock:

Common Stock—Par Value \$10.00 per share:

Authorized—1,350,000 shares—\$13,500,000.00

Issued and Outstanding—1,063,292 shares.....\$10,632,920.00

5 Capital Surplus (Premium on Treasury Stock Sold)..... 4,321,756.60

Earned Surplus 34,136,062.08 49,090,738.68

\$49,794,213.51

Add:

Unrealized Net Appreciation in Investments—per contra:

Government Securities \$ 196.90

Stocks Listed on Domestic and Foreign Exchanges..... 31,666,022.68

Miscellaneous Stocks of, and Loans to, Corporations, and

Other Undertakings 5,867,130.33 37,533,349.91

8 COMMITMENTS

\$87,327,563.42

4 The value of investments in companies in which Newmont Mining Corporation owns 50 percent or more of the voting power at December 31, 1948, was \$22,591,939.02.

5 There has been no change in the Capital Surplus Account since December 29, 1930.

6 The cost of securities sold has been determined on the basis of "Specific Certificate or Bond." The aggregate cost of purchases and proceeds from sales of investment securities other than United States Government securities during the year ended December 31, 1948, were as follows:

Cost of Purchases	\$5,466,630.90
Proceeds from Sales	4,676,617.86

In determining profits and losses on sale of British securities, the proceeds were converted at a rate of \$3.00 to the £1.

7 No remuneration has been paid for special compensation or to any person of whom any Officer or Director of the Corporation is an affiliated person.

8 The Corporation executed an agreement dated February 14, 1949 with Magma Copper Company and Lazard Frères & Co., whereby the Corporation agreed to purchase 30,400 shares of the common stock of Magma Copper Company under an offering of 204,000 shares of common stock of that company and, in addition thereto, to purchase one-half of the unsubscribed shares up to 71,600 shares at a price of \$16.75 per share and to receive from Magma Copper Company as compensation for this commitment the sum of \$71,600.

NEWMONT MINING CORPORATION

Profit and Loss Statement

For the Year Ended December 31, 1948

INCOME:

Dividends:

Received from Domestic Corporations:

Listed	\$2,940,825.25	
Non-Listed	189,434.75	\$3,130,260.00

Received from Foreign Corporations:

Listed	2,682,755.01	
--------------	--------------	--

Total Dividends \$5,813,015.01

Interest 103,677.65

Fees for Services..... 327,788.43

Total Income, excluding Profits Realized on Sale of Capital Assets..... \$6,244,481.09

EXPENSES:

Salaries paid Directors (including \$138,060.00 paid to Officers)

\$ 198,786.64

Other Salaries (including \$19,000.00 paid to Officers)

235,344.91 \$ 434,131.55

Taxes 54,488.46

General Office Expenses, including rent..... 66,141.98

Transfer, registration and dividend disbursement..... 13,746.52

Directors' Fees (including \$1,020.00 paid to Officers)..... 2,120.00

Pension Fund 24,328.60

\$ 594,957.11

Exploration Expenses 492,311.44

Total Expenses 1,087,268.55

Net income before Net Profit on Sale of Capital Assets and Income Taxes \$5,157,212.54

Net Profit on Sale of Capital Assets:

Profits Realized \$2,008,616.19

Losses Realized 767,444.68 1,241,171.51

Net Profit—before Income Taxes..... \$6,398,384.05

INCOME TAXES:

Withheld at source on foreign dividends..... \$ 345,593.96

Provision for Federal Income Tax..... 612,500.00 958,093.96

Net Profit for Year—carried to Earned Surplus..... \$5,440,290.09

NEWMONT MINING CORPORATION

Earned Surplus

For the Year Ended December 31, 1948

BALANCE—January 1, 1948.....				\$31,478,463.51
Add:				
Net Profit for Year				5,440,290.09
				<u>\$36,918,753.60</u>
Deduct:				
Dividend distributions during 1948:				
Cash dividends paid during year—				
\$2.50 per share		\$2,658,225.00		
41,779 shares of Hudson Bay Mining and Smelting Co., Limited stock distributed at the rate of 1/25th of a share for each share of Newmont Mining Corporation held (at cost)	\$89,282.47			
Cash distributed in lieu of 752.6 fractional shares of Hudson Bay Mining and Smelting Co., Limited valued at \$46.75 per share, being the average of the high and low market prices on the record date, November 26, 1948	35,184.05	124,466.52	2,782,691.52	
BALANCE—December 31, 1948.....				<u><u>\$34,136,062.08</u></u>

SCHEDULE "A"

NEWMONT MINING CORPORATION

Government Securities

As at December 31, 1948

Description	Face Value of Bonds	Amount at which carried in the Balance Sheet. Value based on Market Quotations December 31, 1948
United States of America:		
Treasury Bill due January 20, 1949.....	\$1,000,000.00	\$ 997,317.50
United Kingdom of Great Britain and Ireland:		
3% Savings Bonds due September 1, 1970-60.....	£27,798:0:8	86,156.53
		<u>\$1,083,474.03</u>

SCHEDULE "B"

NEWMONT MINING CORPORATION

Stocks Listed on Domestic and Foreign Exchanges

As at December 31, 1948

<i>Common Stocks</i>	<i>No. of Shares</i>	<i>Amount at which carried in the Balance Sheet. Value based on Market Quotations December 31, 1948</i>
The American Metal Company (Limited).....	5,100	\$ 151,087.50
Anglo-Iranian Oil Company Limited.....	13,782	374,698.13
Berens River Mines Limited.....	1,446,495	434,558.74
Canadian Pacific Railway Company.....	6,165	82,456.88
Continental Oil Company.....	269,160	15,241,185.00
Creole Petroleum Corporation.....	21,200	874,500.00
East Utah Mining Company.....	760,789	380,394.50
El Paso Natural Gas Company.....	10,700	724,925.00
Hecla Mining Company.....	6,000	73,500.00
Hudson Bay Mining and Smelting Co., Limited.....	147,343	6,759,360.13
Island Mountain Mines Company Limited.....	584,894	594,727.53
Kennecott Copper Corporation.....	135,800	7,536,900.00
The Louisiana Land and Exploration Company.....	27,600	531,300.00
Magma Copper Company.....	60,800	1,170,400.00
O'okiep Copper Company Limited.....	575,103	12,796,041.75
Phelps Dodge Corporation.....	173,251	8,987,395.63
Polaris Mining Company.....	10,500	55,125.00
Rhodesian Anglo American Limited.....	136,501	716,630.25
St. Joseph Lead Company.....	11,297	545,080.25
The "Shell" Transport and Trading Company, Limited.....	23,500	268,781.25
Texas Gulf Sulphur Company.....	34,100	2,028,950.00
The Venezuelan Oil Concessions, Limited.....	41,903	938,889.09
The Zinc Corporation, Limited.....	12,325	263,446.88
		<u>\$61,530,333.51</u>

SCHEDULE "C"

NEWMONT MINING CORPORATION

Miscellaneous Stocks of, and Loans to Corporations, and Other Undertakings

As at December 31, 1948

<i>Common Stock (except as noted)</i>	<i>Present Status</i>	<i>Shares Owned and Loans</i>	<i>Proportion Owned</i>	<i>Fair Value</i>
Atlas Mining Company.....	Development	151,000	100.0%	\$ 151,000.00
Carthage Hydrocol, Inc.....	Development			
Shares		468	.5%	468.00
Notes		\$ 62,500		62,500.00
Columbus Mining Company.....	Development	62,500	41.7%	46,500.00
Cyprus Mines Corporation.....	Producing	40,625	13.7%	969,706.00
Empire Star Mines Company, Limited.....	Producing	43,325	37.3%	520,000.00
Getchell Mine, Inc.....	Producing	264,200	17.6%	1,000,000.00
Goldfield Deep Mines Company of Nevada..	Development			
Shares		2,973,890	21.2%	191,047.00
Notes		\$ 230,000		230,000.00
Idarado Mining Company.....	Producing	1,536,201	87.5%	1,536,201.00
Newmont Exploration Limited.....	Active	620,000	100.0%	700,000.00
Newmont Mining Corporation of Canada, Limited	Active	65,000	100.0%	31,000.00
Newmont Oil Company.....	Producing			
Shares		293,236	100.0%	5,000,000.00
Note		\$ 800,000		800,000.00
Resurrection Mining Company.....	Producing	629,000	33.3%	600,000.00
Richmond-Eureka Mining Company.....	Inactive	12,337	4.0%	60,000.00
Societe de Developpement Minier.....	Active	650	65.0%	548,410.00
Societe Nord-Africaine du Plomb.....	Development			
Shares		23,887	31.8%	148,360.00
Advances		\$ 51,781		51,781.00
Tennessee Gas Transmission Company.....	Active	20,000	.7%	470,000.00
Transcontinental Gas Pipe Line Corporation	Active	221,755	6.8%	2,009,416.00
Tsumeb Corporation Limited.....	Producing			
Shares		285,000	28.5% }	5,845,000.00
Note (South African).....		£ 390,000 : 0 : 0		
Western Natural Gas Company.....	Producing	15,000	1.5%	260,000.00
Other Undertakings:				
Cunningham Tunnel—Exploration				128,079.00
All Others (including shares).....				68,382.00
				<u>\$21,427,850.00</u>

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of

NEWMONT MINING CORPORATION.

We have examined the Balance Sheet of NEWMONT MINING CORPORATION as at December 31, 1948, the Schedules supplemental thereto, and the Statements of Profit and Loss and Earned Surplus for the year then ended.

In connection therewith, we made an examination of the accounting records and of minutes of the meetings of the directors and stockholders of the Corporation. Our examination included confirmation of cash, notes receivable and securities by inspection or other supporting evidence.

We obtained all the information and explanations we required and, in our opinion, the accompanying Balance Sheet and related Statements of Profit and Loss and Earned Surplus, read in conjunction with the explanatory notes thereto, present fairly the position of NEWMONT MINING CORPORATION at December 31, 1948, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

BARROW, WADE, GUTHRIE & Co.

New York 5, N. Y., February 15, 1949

NEWMONT MINING
CORPORATION

1949

A N N U A L R E P O R T

NEWMONT MINING CORPORATION

Incorporated—Delaware 1921

General Office

14 WALL STREET.....NEW YORK 5, N. Y.

Board of Directors

CHARLES F. AYER, Chairman

MRS. THOMPSON BIDDLE	FRANZ SCHNEIDER
JAMES F. BYRNES	CARROLL SEARLS
PHILIP KRAFT	FRED SEARLS, JR.
HENRY KRUMB	H. DEWITT SMITH
ARTHUR H. LOCKETT	WILLIAM T. SMITH
GUS MRKVICKA	MRS. WILLIAM BOYCE THOMPSON

Officers

CHARLES F. AYER.....	<i>Chairman of the Board</i>
FRED SEARLS, JR.....	<i>President</i>
FRANZ SCHNEIDER.....	<i>Executive Vice President</i>
H. DEWITT SMITH.....	<i>Vice President</i>
GUS MRKVICKA.....	<i>Treasurer</i>
CARROLL SEARLS	<i>Secretary</i>
WILLIAM T. SMITH.....	<i>Asst. Secretary and Asst. Treasurer</i>
WALTER P. SCHMID.....	<i>Assistant Treasurer</i>

Transfer Agent

BANKERS TRUST COMPANY.....16 Wall Street, New York 15, N. Y.

Registrar

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK....18 Pine Street, New York 15, N. Y.

Independent Certified Public Accountants

BARROW, WADE, GUTHRIE & CO.....120 Broadway, New York 5, N. Y.

NEWMONT MINING CORPORATION

New York, N. Y.

February 27, 1950

To the Stockholders:

The Directors' report describing the financial position and operations of your Corporation for the year ended December 31, 1949 is submitted herewith. The accounts of the Corporation were audited by Messrs. Barrow, Wade, Guthrie & Co., Certified Public Accountants, whose certificate is included in this report. There was no change in the capital structure or capital surplus of the Corporation during the year. The policy of stating in the Balance Sheet the value of government securities and stocks listed on domestic and foreign exchanges on the basis of market quotations, and the value of "Miscellaneous Stocks of, and Loans to Corporations, and Other Undertakings" which are not listed, on the basis of their value as determined by the Board of Directors, has been continued. This method results in an aggregate adjustment of \$36,447,417.64 appearing on the Balance Sheet, representing the total net excess of market and fair values respectively of these groups of assets over their aggregate costs.

NET WORTH

The net worth per share of your Corporation as at December 31, 1949, determined as the quotient of the sum of the Capital Stock and Surplus Accounts and Unrealized Appreciation shown on the Balance Sheet divided by the number of shares outstanding, is \$81.41. The comparable figure as at December 31, 1948 is \$81.47.

A classification of the assets determining the net worth per share is as follows:

	1949	1948	1947
Securities listed on Domestic and Canadian Exchanges at Market.....	\$48.30	\$55.46	\$52.88
Add: Net Current Assets (including United States Government Securities)	6.06	3.37	2.26
	<hr/>	<hr/>	<hr/>
	\$54.36	\$58.83	\$55.14
Securities listed on the British Exchange at Market (see note below).....	1.47*	2.49	2.07
	<hr/>	<hr/>	<hr/>
	\$55.83	\$61.32	\$57.21
Securities of Non-listed Corporations and Other Undertakings (fair value as fixed by Directors)	25.58	20.15	17.13
	<hr/>	<hr/>	<hr/>
	\$81.41	\$81.47	\$74.34
	<hr/>	<hr/>	<hr/>

Note: Funds invested in British Securities are restricted under the provisions of the British Exchange Control Act 1947. For the purpose of valuation of assets, the British Investments are taken at London Market prices and the resulting Sterling is converted into United States dollars at the official rate of \$2.80 to the Pound for the year 1949 and \$3.00 to the Pound for the years 1947 and 1948.

* See footnote to table "Comparative Analysis" on page 3.

EARNINGS

Gross income for the year totaled \$5,643,748.07. Of this total, dividends from domestic and foreign corporations accounted for \$4,740,362.25, net capital gains realized from sales of securities \$310,264.82, and other income \$593,121.00.

Net income for the year after all charges, including \$200,100.00 provision for Federal Income Tax, amounted to \$3,900,522.07, or \$3.67 per share.

DIVIDENDS

Dividends per share for 1949 and the two preceding years were paid as follows:

	1949	1948	1947
March	\$.75	\$.50	\$.50
June .....	.75	.75	.50
September .....	.75	.75	.50
December .....	.25	.50	1.00
Market value as of December 15, 1948 and 1949 respectively, of 1/25 share of Hudson Bay Mining and Smelting Co., Limited stock	1.69*	1.86	
	<u>\$4.19</u>	<u>\$4.36</u>	<u>\$2.50</u>

*In addition to the cash dividend of 25¢ per share paid December 15, 1949, there was distributed to stockholders 1/25 share of Hudson Bay Mining and Smelting Co., Limited stock for each share of Newmont Mining Corporation stock held at the close of business November 25, 1949. The cost of the 41,797 shares of Hudson Bay Mining and Smelting Co., Limited distributed was charged on the books of your Corporation to Earned Surplus. For Federal Income Tax purposes these shares have a value to the recipients of \$42.25 per share, which was the average of the high and low prices on the New York Stock Exchange on December 15, 1949. In lieu of fractional shares of Hudson Bay Mining and Smelting Co., Limited stock, stockholders were paid in cash an aggregate of \$29,200.35.

Dividends paid in 1949 are fully taxable, under Federal Income Tax Regulations, as dividend income.

DIRECTORS

Mr. Albert H. Wiggin, who had served as a Director of your Corporation since it became a public company in 1925, resigned from the Board on May 17, 1949. His resignation was accepted by the Board with the greatest regret and real appreciation of the service he has rendered to your Corporation for twenty-four years.

COMPARATIVE ANALYSIS

Comparative year-end assets and liabilities, and earnings and expenses for each of the last three years are disclosed in the table which follows:

	1949	1948	1947
Cash	\$ 3,912,476	\$ 3,034,605	\$ 1,656,128
Accounts Receivable	117,661	36,552	209,160
Government Securities	2,992,387	1,083,474	1,311,385
Stocks Listed (at Market)	52,918,562	61,530,333	58,116,038
Miscellaneous Stocks, etc. (Directors' Valuation)	27,199,379	21,427,850	18,217,506
Other Assets	176,213	214,749	162,149
	<u>\$87,316,678</u>	<u>\$87,327,563</u>	<u>\$79,672,366</u>
Accounts Payable	\$ 423,557	\$ 50,508	\$ 406,255
Taxes Accrued	231,190	652,967	223,108
Provision for Contingencies	100,000	.....	.....
Capital Stock	10,632,920	10,632,920	10,632,920
Capital Surplus	4,321,757	4,321,757	4,321,757
Earned Surplus	35,159,837	34,136,062	31,478,463
Unrealized Appreciation of Securities	36,447,417	37,533,349	32,609,863
	<u>\$87,316,678</u>	<u>\$87,327,563</u>	<u>\$79,672,366</u>
Dividends Received	\$ 4,740,362	\$ 5,813,015	\$ 4,026,437
Interest Earned	110,191	103,678	120,884
Fees Received for Services	482,930	327,788	248,521
Net Capital Gains	310,264*	1,241,172	511,397
	<u>\$ 5,643,747</u>	<u>\$ 7,485,653</u>	<u>\$ 4,907,239</u>
Expenses	\$ 622,734	\$ 594,957	\$ 578,759
Loss on Foreign Exchange	293,729	.....	.....
Income Taxes	456,118	958,094	431,765
Exploration Expenses	370,644	492,312	350,874
	<u>\$ 1,743,225</u>	<u>\$ 2,045,363</u>	<u>\$ 1,361,398</u>
Net Profit	\$ 3,900,522	\$ 5,440,290	\$ 3,545,841
Earnings Per Share	\$3.67	\$5.11	\$3.33

* Net capital gains of earlier months were largely offset by sale for dollars late in the year of a considerable part of the restricted British securities, total of which was carried in our last annual report as having a value of \$2.49 and in this report a value of \$1.47 per outstanding share of Newmont.

Exploration and Mining Operations

BERENS RIVER MINES LIMITED (Favourable Lake, Ontario, Canada)

During the year Berens River Mines Limited, in which your corporation owns a 72.3 per cent interest, examined a considerable number of properties across Canada from Quebec to British Columbia, but no options were taken beyond those for examination. Participations with other companies were taken in drilling ventures in Cobalt, Ontario, and at Lake Athapapuskow in Northern Manitoba. The work at Cobalt was unsuccessful. Diamond drilling at Lake Athapapuskow continues.

At the end of the year the excess of current assets over current liabilities was \$821,885.43, which is a decrease of \$67,008.35 from the previous year, largely accounted for by the non-recurring item of salvage cost and transportation to the railhead of the supplies and equipment remaining at the abandoned Berens River mine. The total cost of 1949 exploration was \$68,996.13, of which \$21,057.91 represents expenditures on ventures still under investigation. The net deficit resulting from the excess of salvage costs, exploration costs charged out, administrative and general expense over the investment and material sales income, was \$80,203.11.

EAST UTAH MINING COMPANY

This Company, in which your Corporation owns a 23.6 per cent interest, completed its adit and cut the Hawk-eye McHenry fissure in March, 1949 without discovery of any commercial ore. Operations were then suspended. General Connor Mining Company, formed in 1948 by Newmont Exploration Limited and associates, with New Park Mining Company, continued to drive a lateral from the East Utah Tunnel to explore for the Homestake vein lying south of the East Utah property. No commercial ore has been found.

EMPIRE STAR MINES COMPANY, LIMITED (Grass Valley, California)

The operation by this company of its Grass Valley properties through the extension of the Cornish leasing system that has been used in this district for nearly one hundred years, was continued throughout 1949 and was supplemented by "company operations" of a few stopes in the Empire and Pennsylvania Mines. Mine leasing, as practiced in Grass Valley, is a fine example of small business in mining, wherein the skill and enterprise of experienced miners possessed of a minimum of venture capital permits an average of better than day's pay earnings by the leasers, while still affording royalties to the lessor company that has enabled it to maintain its pumps and workings against the return of a hard currency and consequent demand for increased gold production. This entire system of mine leasing is threatened with destruction by the bill now pending in Congress which would extend the definition of employees to include mine leasers and subject them to social security taxation and accompanying regulation. If the same action be taken by the Wage and Hour Administration and the National Labor Relations Board, then operation of the mine-leasing system would be impossible and hundreds of mine leasers would be deprived of their means of livelihood with resulting disaster to the already slender economy of the gold mining communities.

In 1949, the Empire Star Company earned \$152,052 from mine and leasing operations and "other income" and paid a dividend of \$87,225, or \$0.75 per share, of which your Corporation received \$32,493.

GOLDFIELD DEEP MINES COMPANY OF NEVADA (Goldfield, Nevada)

This Company began milling operations in March, 1949, and as of the end of the year had shipped to the Garfield smelter concentrates having a net smelter value of \$267,821. Metallurgical recoveries in the flotation mill were unsatisfactory throughout the summer and have only recently been considerably improved, and the above proceeds derived from the sale of gold were absorbed by exploration, development and mining costs except for a payment of \$7,000. to your Corporation in reduction of loans which now stand at \$260,000. Your Corporation owns 21.2 per cent of the shares of this Company.

IDARADO MINING COMPANY (Ouray, Colorado)

Property ownership by this company in the San Juan District in Ouray and San Miguel Counties, Colorado, was augmented during 1949 by a contract for future participation in the purchase of the assets of Tomboy Gold Mines, Inc., which owned large areas in the district. Payment of \$150,000 over a period of the next three years will give to Idarado title to an additional 3,000 feet on the strike of its principal vein system, and a favorable lease on about half of the vein for an additional 2,700 feet. Development of the new area has been initiated and production will be increased as of March 1, 1950 from the present 15,000 tons per month to 20,000 tons.

These and other developments were considered sufficiently promising by your Directors, so that the estimated value of your Corporation's 87.3 per cent interest in Idarado has been increased from the previous valuation (approximate cost) of \$1,536,201 as of December 31, 1948 to \$3,840,502 as of December 31, 1949.

During 1949 this company milled 165,750 tons of ore, compared with 125,300 tons in 1948 and 73,502 tons in 1947. Bank indebtedness of \$550,000 on January 1, 1949, was completely retired during the year.

ISLAND MOUNTAIN MINES COMPANY LIMITED (Wells, British Columbia, Canada)

Island Mountain Mines Company's property at Wells, B. C. was operated continuously throughout the year in spite of a shortage of skilled miners. Production for the year had a value of \$727,743.75 (Canadian) from 44,336 tons milled, averaging 0.442 ozs. gold, resulting in a net profit of \$108,555.79 (Canadian) after depreciation and taxes of \$30,974.95 (Canadian). Gold was paid for at \$35.00 (Canadian) per oz. to September 15, 1949 and at \$38.50 (Canadian) per oz. from September 15, 1949 to the end of the year. Costs in 1949 continued to rise.

Development work done on the 2700-foot level, deepest opened in the mine, disclosed a replacement ore body and a quartz vein of good grade. These two ore bodies, found by the small amount of development work done on the 2700 level, lend encouragement to the possibilities of finding ore in depth.

Your Corporation owns a 55.7 per cent interest in Island Mountain Mines Company Limited.

MAGMA COPPER COMPANY

As a result of participation by your Corporation in the subscription for additional shares offered by Magma to its shareholders in February, 1949, as set forth in our last Annual Report, your Corporation now owns approximately 23 per cent of the stock of this company as compared with 15 per cent as of December 31, 1948.

With the abrupt decline in the price of copper in April, 1949, Magma suspended dividends so as to devote its resources to the further development of the disseminated or "porphyry" copper deposit of the San Manuel Copper Corporation, the stock of which Magma owns 95.5 per cent. During 1949 No. 1 shaft at San Manuel was sunk to a depth of 1270 feet, and No. 2 shaft to 988 feet, the latter having now penetrated the ore body about 273 feet. During 1950 development from No. 2 shaft is expected to yield conclusive information as to the amount of water to be handled, and as to the amenability of the rock to mining by block-caving, which is essential to determination of future working costs.

MOROCCO

Société des Mines de Zellidja has proceeded during the year with construction of the crushing plant and first two thousand-ton unit of its new four thousand-ton per day flotation plant for recovery of lead and zinc concentrates and the erection of a blast furnace and additional Scotch Hearths at Oued-el-Heimer. While your Corporation owns indirectly less than 3 per cent of the capital of Zellidja, it acts with St. Joseph Lead Company as consulting engineer and purchasing agent in these activities in consideration of a royalty beginning in 1951 as set forth in our last Annual Report.

Société Nord Africaine du Plomb, in which your Corporation owns a 31.8 per cent interest, continued development of its large mining area adjacent to Zellidja with the assistance of a loan from E. C. A. repayable by future delivery of lead and zinc to the Bureau of Federal Supply. At present these activities are limited to the sinking of two one thousand-foot shafts about one and a half kilometers apart on the trend of the Zellidja ore bodies.

NEWMONT OIL COMPANY

This wholly-owned subsidiary in 1949 earned gross income of approximately \$925,000 and net income, after taxes, of approximately \$185,000. Its debt to your Corporation at the end of the year amounted to \$1,057,125. It paid your Corporation \$40,000 in interest. Additional royalty interests costing \$456,987 were acquired.

In December, 1949, Newmont Oil Company entered into an agreement, effective October 1, 1949, to purchase from Magnolia Petroleum Company an undivided 5/56 interest in certain oil and gas leases, and related property, the vendor warranting title, covering approximately 250,000 acres in the Gulf of Mexico off the Louisiana Coast, and to join in the exploration, development and operation thereof. Continental Oil Company, at the invitation of Newmont Oil Company, also is acquiring an interest in these leases. Newmont Oil Company is committed to expend approximately \$2,500,000, including the purchase price of its 5/56 interest, and has the right to increase its interest to 1/8 by further purchase price payments and expenditures totaling approximately \$2,000,000 additional. The leases cover some sixteen piercement type and non-piercement type

salt domes. Gas discoveries had been made by Magnolia on three of the structures as of the effective date of the agreement. At present there are six gas wells shut in awaiting a market for the gas and seven wells drilling. Newmont Oil's participation in this operation is being financed by loans made to it by your Corporation.

O'OKIEP COPPER COMPANY LIMITED (Union of South Africa)

O'okiep Copper Company Limited, in which your Corporation retains a 56.3 per cent interest, maintained its ore reserve position and spent \$1,612,288 on plant improvements and expansion in the fiscal year ended June 30, 1949. The salient figures covering the above period and also for the six months ended December 31, 1949 are enumerated below.

	<i>Year Ended June 30, 1949</i>	<i>Six Months Ended December 31, 1949</i>
Blister Copper—Production—lbs.	38,608,600	21,810,000
Sales—lbs.	35,324,800	22,556,000
Sales—ex Mine	\$7,616,621	\$3,330,275
Operating Profit	\$4,073,165	\$1,849,670
Depreciation and Depletion	\$ 830,364	\$ 298,820
Taxes	\$ 529,904	\$ 286,565
Net Profit	\$2,712,897	\$1,264,285
Profit per Pound Copper Sold	7.68¢	5.60¢
Dividends Paid	\$2,910,010	\$ 592,213
Net Current Assets	\$2,180,488	\$2,338,027
Capital Expenditure	\$1,612,288	\$ 445,848
Conversion Rate—£1 equals	\$4.00	\$2.78
Shares Outstanding	1,021,056	1,021,056

Devaluation of the South African Pound on September 19, 1949 has been without adverse effect on O'okiep's earnings. O'okiep now ranks among the lower-cost copper producers of the world.

RESURRECTION MINING COMPANY (Leadville, Colorado)

In this operating company your Corporation's interest remains unchanged at 33 $\frac{1}{3}$ per cent, but in view of depleted ore reserves Resurrection Company purchased at par, 50,000 shares of its own stock, from each of its three shareholders. These 150,000 shares were retired thereby reducing its outstanding capital by \$150,000.

In spite of considerable and expensive development, particularly during the last quarter of the year, no substantial new ore bodies have been encountered, and at present prices operating earnings are insufficient to meet the cost of the current vigorous development program. However, the company showed a profit of \$77,534 for the year because of substantial earnings during the first quarter when high metal prices prevailed.

This company milled 93,700 tons of its own ore having a net smelter and mint value of \$1,828,545, comparing with 88,981 tons in 1948 having a net smelter and mint value of \$1,960,176. Custom milling of 36,058 tons in 1949 compares with 35,125 tons in 1948.

TSUMEB CORPORATION LIMITED (*South West Africa*)

Tsumeb Corporation, in which your Corporation holds a 28.5 per cent interest and O'okiep Copper Company Limited, owns a 9.5 per cent interest, continued to enjoy the advantage of high metal prices as compared with pre-war years, with corresponding substantial profits, as noted below.

	<i>Year Ended June 30, 1949</i>	<i>Six Months Ended December 31, 1949</i>
Metal Accounted for by Smelters		
Lead—lbs.	60,230,914	33,388,654
Copper—lbs.	14,296,263	8,143,796
Zinc—lbs.	17,263,121	11,368,899
	<hr/> 91,790,298	<hr/> 52,901,349
Cadmium—lbs.	550,260	250,897
Silver—oz.	419,178	210,503
Total Sales	\$18,789,356	\$7,972,837
Operating Profit	\$ 8,819,734	\$4,286,832
Depreciation	\$ 2,429,506	\$ 865,522
Taxes	\$ 1,358,195	\$ 560,248
Net Profit	\$ 5,032,033	\$2,861,062
Profit per lb., copper, lead and zinc	5.48¢	5.41¢
Note Repayment	\$ 2,080,000	\$2,168,400
Net Current Assets	\$ 5,819,071	\$5,038,244
Capital Expenditure	\$ 1,132,119	\$ 536,645
Conversion Rate—£1 equals.....	\$4.00	\$2.78
Shares Outstanding	1,000,000	1,000,000
Averages Prices—Export Copper New York.....	22.11¢	17.75¢
Lead New York	18.51¢	13.60¢
Zinc St. Louis	14.96¢	9.70¢

Tsumeb Corporation had repaid its entire issue of £1,300,000 five per cent promissory notes as of December 31, 1949. Diamond drilling to a maximum depth of 750 feet below the 20th level (1900 feet below surface) was considered sufficiently favorable to justify the Directors in authorizations totaling \$2,650,000 as of July 1, 1949 for new hoisting plant facilities, steam turbine plant, townsite expansion, etc., exclusive of an estimated expenditure of \$850,000 for sinking the new De Wet shaft to 3100 feet.

GENERAL

Gas Pipe Line Investments—During the year your Corporation exercised its warrants to purchase 12,185 shares of Transcontinental Gas Pipe Line Corporation at \$10 a share, thus bringing its holdings to a total of 233,940 shares, the average cost of which is \$9.11 a share. Transcontinental now has an application before the Federal Power Commission for permission to increase the capacity of its line from 345,000,000 cubic feet per day to 505,000,000 cubic feet; and it is hoped that the Commission shortly will take favorable action on this application. Meanwhile construction of the line is proceeding according to schedule, and delivery of gas in the New York and Philadelphia districts is expected before the end of 1950.

In May your Corporation purchased \$500,000 par value of the 5% Interim Notes, Series "A", due December 31, 1950, of the East Tennessee Natural Gas Company. These notes are convertible into common stock at \$4.25 a share; and, in connection with plans for financing additional construction by East Tennessee, your Corporation recently agreed to convert its notes into common stock on this basis, receiving full interest on the notes for the year 1950. Your Corporation proposes to participate in the presently planned further financing of this company.

Your Corporation received in 1949 an additional 25 per cent stock dividend on its shares of Tennessee Gas Transmission Company. This brings its original holding of 15,000 shares up to 25,000 shares.

Australian Exploration—The extensive exploration program referred to in our 1948 Annual Report, undertaken jointly with The Zinc Corporation Limited and St. Joseph Lead Company, was limited during 1949 to minor further development of three areas, in which results of work undertaken in 1948 remained somewhat inconclusive. Additional prospecting of these areas in 1949 failed to yield favorable results and the effort has been abandoned. Some value may be attached to the conclusion that, in spite of the large lead and zinc production from known ore deposits in Australia, it will not be easy to discover further deposits of similar importance on that vast continent.

The *Atlas Mining Company* (Ouray, Colorado), owned 100 per cent by your Corporation, participated in the contract for acquisition and future division of the properties formerly owned by Tomboy Gold Mines, Inc., and has contracted with Idarado Mining Company for development of the original Tomboy vein at the horizon of Idarado's Treasury Tunnel level. Twenty-four hundred feet of crosscut is involved.

Geophysical Development—Of possible importance is the considerable effort continued by your Corporation for the discovery and practical application of geophysical methods that will definitely indicate, and roughly define metallic sulfides beneath substantial overburden. Progress in this direction during 1949 has been considerable, and it is expected that certain equipment will be put into practical use during the current year.

By Order of the Board of Directors,

FRED SEARLS, JR.

President.

NOTE

Proxies will be requested for the Annual Meeting of Stockholders to be held May 1, 1950 and a proxy statement and a form of proxy will be sent to stockholders of record in connection with such request on or about April 3, 1950.

NEWMONT MINING CORPORATION

BALANCE SHEET AS AT DECEMBER 31, 1949

Explanatory
Note
Reference
Number

ASSETS

	CASH IN BANKS AND ON HAND.....	\$ 3,912,475.51
	ACCOUNTS RECEIVABLE AND ACCRUED INTEREST.....	117,661.34
2	GOVERNMENT SECURITIES:	
	United States of America Treasury Bills due February 2, 1950.....Face Value\$ 3,000,000.00	2,992,387.50
1, 2, 4	STOCKS LISTED ON DOMESTIC AND FOREIGN EXCHANGES (Schedule "A")	
	Cost	\$28,551,401.80
	Add—Excess of value based on market quota- tions over cost—per contra.....	24,367,160.30
	<i>Value Based on Market Quotations—</i> <i>December 31, 1949.....</i>	52,918,562.10
3, 4, 8	MISCELLANEOUS STOCKS OF, AND LOANS TO CORPO- RATIONS, AND OTHER UNDERTAKINGS (Schedule "B"):	
	Cost	\$15,119,121.66
	Add—Net excess of fair value over cost— per contra	12,080,257.34
	<i>Fair Value—December 31, 1949.....</i>	27,199,379.00
	OTHER ASSETS	176,213.20
		<u>\$87,316,678.65</u>

NEWMONT MINING CORPORATION

BALANCE SHEET AS AT DECEMBER 31, 1949

Explanatory
Note
Reference
Number

LIABILITIES, CAPITAL STOCK AND SURPLUS

ACCOUNTS PAYABLE	\$ 423,556.94
TAXES PAYABLE AND ACCRUED.....	31,089.61
PROVISION FOR FEDERAL INCOME TAX—1949.....	200,100.00
	<u>\$ 654,746.55</u>

RESERVE FOR CONTINGENCIES	100,000.00
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CAPITAL STOCK AND SURPLUS:

Capital Stock:

Common Stock—Par Value \$10.00 per share:

Authorized—1,350,000 shares \$13,500,000.00

Issued and Outstanding—1,063,292 shares \$10,632,920.00

5 Capital Surplus (Premium on Treasury Stock Sold) 4,321,756.60

Earned Surplus 35,159,837.86 50,114,514.46

\$50,869,261.01

Add:

Unrealized Net Appreciation in Investments—
per contra:

Stocks Listed on Domestic and Foreign

Exchanges \$24,367,160.30

Miscellaneous Stocks of, and Loans to Corpo-
rations, and Other Undertakings.....

12,080,257.34 36,447,417.64

8 COMMITMENTS

\$87,316,678.65

NEWMONT MINING CORPORATION

PROFIT AND LOSS STATEMENT

For the Year Ended December 31, 1949

INCOME:			
Dividends:			
Received from Domestic Corporations:			
Listed	\$2,670,534.25		
Non-listed	172,212.50	\$2,842,746.75	
Received from Foreign Corporations:			
Listed		1,897,615.50	
<i>Total Dividends</i>			\$4,740,362.25
Interest			110,190.63
Fees for Services			482,930.37
<i>Total Income, excluding Net Profit Realized on Sale of Capital Assets</i>			\$5,333,483.25
EXPENSES:			
7 Salaries paid Directors (including \$178,000.00 paid to Officers)	\$ 221,200.00		
7 Other Salaries	220,192.54	\$ 441,392.54	
Taxes		40,381.92	
General Office Expenses, including Rent		88,607.42	
Transfer, Registration and Dividend Disbursement		11,337.01	
Directors' Fees (including \$1,020.00 paid to Officers)		2,180.00	
Pension Fund		38,835.05	
Net Loss on Foreign Exchange		293,729.45	
		\$ 916,463.39	
Exploration Expenses		370,644.47	
<i>Total Expenses</i>			1,287,107.86
<i>Net Income before Net Profit on Sale of Capital Assets and Income Taxes</i> ..			\$4,046,375.39
6 NET PROFIT ON SALE OF CAPITAL ASSETS:			
Profits Realized	\$ 690,666.17		
Losses Realized	380,401.35	310,264.82	
<i>Net Profit—before Income Taxes</i>			\$4,356,640.21
INCOME TAXES:			
Foreign Taxes Withheld at Source	\$ 256,018.14		
Provision for Federal Income Tax	200,100.00	456,118.14	
<i>Net Profit for Year—carried to Earned Surplus</i>			\$3,900,522.07

NEWMONT MINING CORPORATION

EARNED SURPLUS

For the Year Ended December 31, 1949

BALANCE—January 1, 1949		\$34,136,062.08
<i>Add:</i>		
Net Profit for Year		3,900,522.07
		<u>\$38,036,584.15</u>
<i>Deduct:</i>		
Dividend Distributions during 1949:		
Cash dividends paid during year—		
\$2.50 per share	\$2,658,225.00	
41,797 Shares of Hudson Bay Mining and Smelting Co., Limited stock distributed at the rate of 1/25 of a share for each share of Newmont Mining Corporation held (at cost)	\$89,320.94	
Cash distributed in lieu of 734.6 fractional shares of Hudson Bay Mining and Smelting Co., Limited valued at \$39.75 per share, be- ing the average of the high and low market prices on the record date, November 25, 1949	29,200.35	118,521.29
		<u>\$2,776,746.29</u>
Provision of Reserve for Contingencies	100,000.00	2,876,746.29
BALANCE—December 31, 1949		<u><u>\$35,159,837.86</u></u>

NEWMONT MINING CORPORATION

STOCKS LISTED ON DOMESTIC AND FOREIGN EXCHANGES

As at December 31, 1949

<u>Common Stocks</u>	<u>No. of Shares</u>	<u>Amount at which carried in the Balance Sheet. Value based on Market Quotations December 31, 1949</u>
The American Metal Company (Limited).....	5,100	\$ 172,125.00
Anglo-Iranian Oil Company Limited.....	8,282	155,805.13
Berens River Mines Limited.....	1,446,495	451,620.58
Broken Hill South, Limited.....	15,688	80,989.30
Canadian Pacific Railway Company.....	6,165	94,786.88
The Consolidated Zinc Corporation, Limited.....	24,300	88,452.00
Continental Oil Company.....	266,060	15,963,600.00
Creole Petroleum Corporation.....	21,600	702,000.00
East Utah Mining Company.....	760,789	91,294.68
El Paso Natural Gas Company.....	27,900	774,225.00
Hecla Mining Company.....	8,300	93,375.00
Hudson Bay Mining and Smelting Co., Limited.....	100,246	4,122,616.75
Island Mountain Mines Company Limited.....	584,894	555,781.58
Kennecott Copper Corporation.....	131,400	6,684,975.00
The Louisiana Land and Exploration Company.....	7,100	213,000.00
Magma Copper Company.....	140,658	2,320,857.00
O'okiep Copper Company Limited.....	575,103	9,201,648.00
Phelps Dodge Corporation.....	168,251	8,181,204.88
Polaris Mining Company.....	15,000	71,250.00
Rhodesian Anglo American Limited.....	136,501	640,189.69
St. Joseph Lead Company.....	10,197	410,429.25
The "Shell" Transport and Trading Company, Limited.....	64,506	592,648.88
Texas Gulf Sulphur Company.....	18,100	1,255,687.50
		<u>\$52,918,562.10</u>

NEWMONT MINING CORPORATION

Miscellaneous Stocks of, and Loans to Corporations, and Other Undertakings

As at December 31, 1949

<u>Common Stock (except as noted)</u>	<u>Present Status</u>	<u>Shares Owned and Loans</u>	<u>Proportion Owned</u>	<u>Fair Value</u>
Atlas Mining Company.....	Development			
Shares		276,000	100.0%	\$ 276,000.00
Note		\$ 50,000		50,000.00
Carthage Hydrocol, Inc.....	Development			
Shares		632	.4%	316.00
Notes		\$ 84,375		42,187.00
Columbus Mining Company.....	Development	57,500	38.3%	23,250.00
Cyprus Mines Corporation.....	Producing	40,625	13.7%	969,706.00
East Tennessee Natural Gas Company 5% Convertible Interim Notes Series "A" due 12/31/50.....		\$ 500,000		500,000.00
Empire Star Mines Company, Limited.....	Producing	43,325	37.3%	520,000.00
General Connor Mining Company.....	Development	64,000	18.2%	64,000.00
Geophysical Exploration Company.....	Active	75,000	75.0%	75,000.00
Getchell Mine, Inc.....	Producing	151,200	10.1%	660,100.00
Goldfield Deep Mines Company of Nevada.....	Producing			
Shares		2,973,890	21.2%	95,523.00
Notes		\$ 260,000		260,000.00
Idarado Mining Company.....	Producing	1,536,201	87.3%	3,840,502.00
Newmont Exploration Limited.....	Active	620,000	100.0%	700,000.00
Newmont Mining Corporation of Canada, Limited.....	Active	65,000	100.0%	30,000.00
Newmont Oil Company.....	Producing			
Shares		293,236	100.0%	5,000,000.00
Loans		\$1,057,125		1,057,125.00
Resurrection Mining Company.....	Producing	579,000	33.3%	550,000.00
Richmond-Eureka Mining Company.....	Inactive	12,337	4.0%	15,000.00
Safari Corporation	Active	50,000	50.0%	25,000.00
Société de Développement Minier.....	Active	650	65.0%	548,410.00
Société Nord-Africaine du Plomb.....	Development			
Shares		23,887	31.8%	148,360.00
Advances		\$ 74,100		74,100.00
Tennessee Gas Transmission Company.....	Active	25,000	.5%	687,500.00
Tomboy Gold Mines, Inc.....	Inactive	431	66.0%	406,217.00
Transcontinental Gas Pipe Line Corporation.....	Active			
Shares		233,940	6.6%	4,386,375.00
6% Interim Notes due 5/1/51.....		\$ 100,000		104,250.00
Tsumeb Corporation Limited.....	Producing	285,000	28.5%	5,700,000.00
Verde Exploration Limited.....	Development	52,500	16.3%	26,250.00
Western Natural Gas Company.....	Producing	15,000	1.5%	360,000.00
Other Undertakings (including shares).....				4,208.00
				<u>\$27,199,379.00</u>

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of

NEWMONT MINING CORPORATION.

We have examined the Balance Sheet of NEWMONT MINING CORPORATION as at December 31, 1949, the Schedules supplemental thereto, and the Statements of Profit and Loss and Earned Surplus for the year then ended.

In connection therewith, we made an examination of the accounting records and of minutes of the meetings of the directors and stockholders of the Corporation. Our examination included confirmation of cash, notes receivable and securities by inspection or other supporting evidence.

We obtained all the information and explanations we required and, in our opinion, the accompanying Balance Sheet and related Statements of Profit and Loss and Earned Surplus, read in conjunction with the explanatory notes thereto, present fairly the position of NEWMONT MINING CORPORATION at December 31, 1949, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

BARROW, WADE, GUTHRIE & CO.

New York 5, N. Y., February 20, 1950

EXPLANATORY NOTES

These notes, numbered 1 to 8, inclusive, are the explanatory notes referred to in the Report of the Independent Certified Public Accountants dated February 20, 1950.

1. Securities listed only on Foreign Exchanges included in Schedule "A" amount to \$2,565,487.16 of which \$1,558,085.00 are in securities listed on British Exchanges and \$1,007,402.16 in securities listed on Canadian Exchanges. In the event of sale of any such securities on either of these Exchanges the proceeds would be subject to the regulations, in force at the time, promulgated by the governments of Great Britain and Canada.
Securities listed only on British and Canadian Exchanges have been converted into the United States equivalent at the official rates of exchange prevailing at December 31, 1949.
2. Value based on market quotations is derived from the closing or bid price (as obtained from the public prints) at December 31, 1949, on Domestic and Foreign Exchanges.
3. Fair value at December 31, 1949, represents the value as determined by the Board of Directors as being the fair value of the various assets listed in Schedule "B". The holdings in foreign companies included in Schedule "B" consist of common stocks and loans having a fair value of \$6,525,870.00 at December 31, 1949.
4. The value of investments in companies in which Newmont Mining Corporation owns 50 percent or more of the voting power at December 31, 1949, was \$22,217,304.16.
5. There has been no change in the Capital Surplus Account since December 29, 1930.
6. The cost of securities sold has been determined on the basis of "Specific Certificate or Bond." The aggregate cost of purchases and the aggregate proceeds from sales of investment securities other than United States Government securities during the year ended December 31, 1949, were as follows:

Cost of Purchases.....	\$3,243,629.99
Proceeds from Sales.....	5,199,857.53

7. No remuneration has been paid for special compensation or to any person of whom any Officer or Director of the Corporation is an affiliated person.
8. In accordance with an Agreement dated August 29, 1949, Newmont Mining Corporation is committed to sell at cost 318 shares of Tomboy Gold Mines, Inc. Payment for these shares will be received in installments due in 1950, 1951, and 1952.

Newmont Mining Corporation has agreed to advance up to \$2,500,000, at 4% interest, to Newmont Oil Company, a wholly owned subsidiary, from time to time as required by it for the acquisition of an interest in certain oil and gas leases and related properties and in the exploration, development and operation thereof. The amount so advanced as at December 31, 1949, was \$257,125, and it is expected that all or a substantial portion of the balance of the \$2,500,000 will be advanced prior to December 31, 1950. Such advances and interest are repayable only out of income and proceeds derived from the sale of these leases and properties.